

**Introduced by Senator Maddy**

December 2, 1996

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An act to amend Section 5151 of the Revenue and Taxation Code, relating to taxation.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 30, as introduced, Maddy. Property taxation: refunds: interest rate.

Existing property tax law generally requires that interest be paid at the greater of either 3% per annum or the 'county pool apportioned rate,' as defined, on any amount that is refunded to a property taxpayer. Existing law also provides that this general requirement does not apply to interest payable on those amounts of tax that became due and payable before March 1, 1993, and provides for interest to be paid at the rate specified prior to January 1, 1993, in the case of the refund of a tax that became due and payable prior to March 1, 1993, and was not refunded as of April 6, 1995.

This bill would eliminate these latter provisions and would instead provide for interest to be paid at the "county pool apportioned rate," as defined, on property tax refunds that themselves became due and payable prior to March 1, 1993, and had not yet been made as of April 6, 1995. This bill would also provide for interest to be paid at the rate specified prior to January 1, 1993, on refunds that become due and payable on or after April 7, 1995, and have not yet been made as of January 1, 1998.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.



*The people of the State of California do enact as follows:*

SECTION 1. Section 5151 of the Revenue and Taxation Code is amended to read:

5151. (a) ~~Interest~~ *Subject to subdivision (b), at the greater of 3 percent per annum or the county pool apportioned rate shall be paid, when that interest is ten dollars (\$10) or more, on any amount refunded under Section 5096.7, or refunded to a taxpayer for any reason whatsoever. However, no interest shall be paid under the provisions of this section if the taxpayer has been given the notice required by Section 2635 and has failed to apply for the refund within 30 days after the mailing of that notice. For purposes of this section, “county pool apportioned rate” means the annualized rate of interest earned on the total amount of pooled idle funds from all accounts held by the county treasurer, in excess of the county treasurer’s administrative costs with respect to that amount, as of June 30 of the preceding fiscal year for which the refund is calculated. For each fiscal year, the county treasurer shall advise the Controller of the county pool apportioned rate, and of computations made in deriving that rate, no later than 60 days after the end of that fiscal year.*

(b) ~~The interest rate provided for in subdivision (a) does not apply to interest on refunds of those amounts of tax that became due and payable before March 1, 1993. Interest on refunds of amounts of a qualified tax In the case of a refund that became due and payable before March 1, 1993, and had not been made as of April 6, 1995, interest shall be paid at the “county pool apportioned rate” as defined in subdivision (a). In the case of a refund that became due and payable on or after April 7, 1995, and has not been made as of January 1, 1998, interest shall be paid at that rate provided for by this section as it read prior to January 1, 1993. As used in this section, a “qualified tax” means a tax that became due and payable before March 1, 1993, and had not been refunded as of April 6, 1995. This subdivision shall not be construed to affect the interest paid on refunds of those amounts of tax~~

1 that became due and payable before March 1, 1993, and  
2 have been ~~refunded~~ *made* as of April 6, 1995, *or to affect*  
3 *the interest paid on refunds that become due and payable*  
4 *on or after April 7, 1995, and have been made as of January*  
5 *1, 1998.*

6 (c) (1) The interest computation period shall  
7 commence with the date of payment of the tax when any  
8 of the following apply:

9 (A) A timely application for reduction in an  
10 assessment was filed, without regard to whether the  
11 refund ultimately results from a judgment or order of a  
12 court, an order of a board of equalization or assessment  
13 appeals board, or an assessor's correction to the  
14 assessment roll.

15 (B) The refund is pursuant to a roll correction  
16 resulting from the determination or adjustment by the  
17 assessor or a local assessment appeals board of a base year  
18 value.

19 (C) The refund results from a correction to the  
20 assessment roll pursuant to Section 4831 or 4876.

21 (2) Interest on refunds of taxes on property acquired  
22 by a public agency in eminent domain shall accrue from  
23 the date of recordation of the deed.

24 (3) In all other cases the interest computation period  
25 shall commence on the date of filing a claim for refund or  
26 payment of the tax, whichever is later. However, in the  
27 event of the granting of property tax relief pursuant to  
28 Section 69, 69.3, or 170, interest is not payable on any  
29 resulting refund of taxes, provided that payment of that  
30 refund of taxes is made within 120 days after the county  
31 assessor has sent authorization for the reduction to the  
32 county auditor.

33 (d) The computation of interest shall terminate as of  
34 a date within 30 days of the date of mailing or personal  
35 delivery of the refund payment.

36 (e) The interest charged shall be apportioned to the  
37 appropriate funds, as determined by the county auditor.

1 (f) The amendments made to this section by the act  
2 adding this subdivision shall apply to all refunds made  
3 after January 1, 1997.

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